DOCUMENT RESUME

ED 476 939 UD 035 684

TITLE	Number of Black Children in Extreme Poverty Hits Record High. Analysis Background.
INSTITUTION	Children's Defense Fund, Washington, DC.
PUB DATE	2003-04-00
NOTE	10p.
AVAILABLE FROM	CDF Publications, P.O. Box 90500, Washington, DC 20090-0500. Tel: 202-662-3652; Fax: 202-628-8333; e-mail: cdinfo@childrensdefense.org; Web site: http://www.childrensdefense.org.
PUB TYPE	Numerical/Quantitative Data (110)
EDRS PRICE	EDRS Price MF01/PC01 Plus Postage.
DESCRIPTORS	*Blacks; *Child Welfare; *Poverty; Welfare Recipients ; Welfare Services
IDENTIFIERS	Temporary Assistance for Needy Families

ABSTRACT

To examine the experiences of black children and poverty, researchers conducted a computer analysis of data from the U.S. Census Bureau's Current Population Survey, the source of official government poverty statistics. The data are through 2001. Results indicated that nearly 1 million black children were living in extreme poverty, with after-tax income (including food and housing benefits) below half the poverty line. The number of extremely poor black children was at the highest level in 23 years. The percentage of black children in extreme poverty in 2001 was near a record high (it reached a 23-year peak in 1992). The percentage remained slightly higher than it was in 1996 when the welfare law was signed, despite several years of economic boom in between. A dwindling safety net for the worst-off families appears to have influenced the trends. Fewer and fewer otherwise extremely poor children of all races received cash public assistance. A growing number had no assistance, despite their extreme poverty. Trends in extreme poverty were not the result of potential pitfalls in survey data such as failure to count income from live-in boyfriends or other household measures, possible underreporting of welfare income, or the presence of wealthy respondents with very low annual incomes who live off of sizable assets. (SM)

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ANALYSIS BACKGROUND

NUMBER OF BLACK CHILDREN IN EXTREME POVERTY HITS RECORD HIGH

Supporters of tougher welfare-to-work requirements often note that annual Black child poverty figures reached their lowest point on record in 2001. They cite this to suggest that the last round of welfare-to-work requirements, enacted in 1996, resulted in no serious loss of income to affected children. There is, however, another side of the story for Black children. Trends among children living in "extreme poverty" – with family income below half the poverty line – paint a dramatically less rosy picture.

The story of deepening poverty is central to the story of Black children in poverty in the wake of the 1996 welfare law: without it, the story is incomplete. That is because more than 8 in 10 Black children on AFDC were already poor in 1995, the year before the law was signed. Therefore, any deterioration in the economic circumstances of most Black children on welfare can only be measured by looking at the deepening or lessening of the *severity* of poverty for these already-poor children – not by changes in official poverty rates.

To look more closely at the experience of Black children, the Children's Defense Fund conducted a computer analysis of data from the U.S. Census Bureau's Current Population Survey, the source of official government poverty statistics. The data are through 2001, the latest available. Half the poverty line in 2001 was $7,064 a year for a three-person family.

The analysis reveals several troubling trends:

- Nearly 1 million Black children live in "extreme poverty" – with after-tax income (including food and housing benefits) below *half* the poverty line. (Table 1) The number of extremely poor black children is now at its highest level in the 23 years for which such data exist. (Fig. 1)

- The percentage of Black children in extreme poverty in 2001 is near a record high (it reached a 23 year peak in 1992). The percentage remains slightly higher than it was in 1996 when the welfare law was signed, despite several years of economic boom in between. (Fig. 2)

- A dwindling safety net for the worst-off families appears to have influenced the trends. Fewer and fewer otherwise-extremely-poor children of all races receive cash public assistance. (Fig.3) A growing number have no assistance, despite their extreme poverty. (Fig. 4)

Bolstering the findings, CDF also explored several technical issues that could affect these Current Population Survey statistics. CDF found evidence that the trends in extreme poverty were *not* the result of potential pitfalls in the survey data such as failure to count income from live-in boyfriends or other household members, possible underreporting of welfare income, or the presence of wealthy respondents with very low annual incomes who live off of sizable assets. Even after accounting for these and other pitfalls, the number of extremely poor Black children remained significantly higher in 2001 than in 1996. (See accompanying Technical Report: Trends in the Data on Extreme Black Child Poverty.)

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EXTREME POVERTY – 2

Table 1

Black persons under 18 in poverty and extreme poverty, by selected definitions of income, 1990-2001

(Thousands)

Year	Poor (official, cash definition)	Poor (nearcash aftertax definition)	Extremely poor (cash definition)	Extremely poor (nearcash aftertax definition)
1990	4,550	3,916	2,321	670
1991	4,755	4,063	2,664	809
1992	4,938	4,268	2,875	923
1993	5,125	4,532	2,906	916
1994	4,906	3,982	2,658	865
1995	4,761	3,658	2,342	821
1996	4,519	3,556	2,341	729
1997	4,225	3,315	2,255	823
1998	4,151	3,075	2,006	715
1999	3,759	2,695	1,737	694
2000	3,484	2,678	1,581	686
2000*	3,581	2,877	1,740	809
2001	3,492	2,775	1,866	966

* Reflects the start of a new Current Population Survey series, incorporating a larger survey sample and Census 2000 population information.

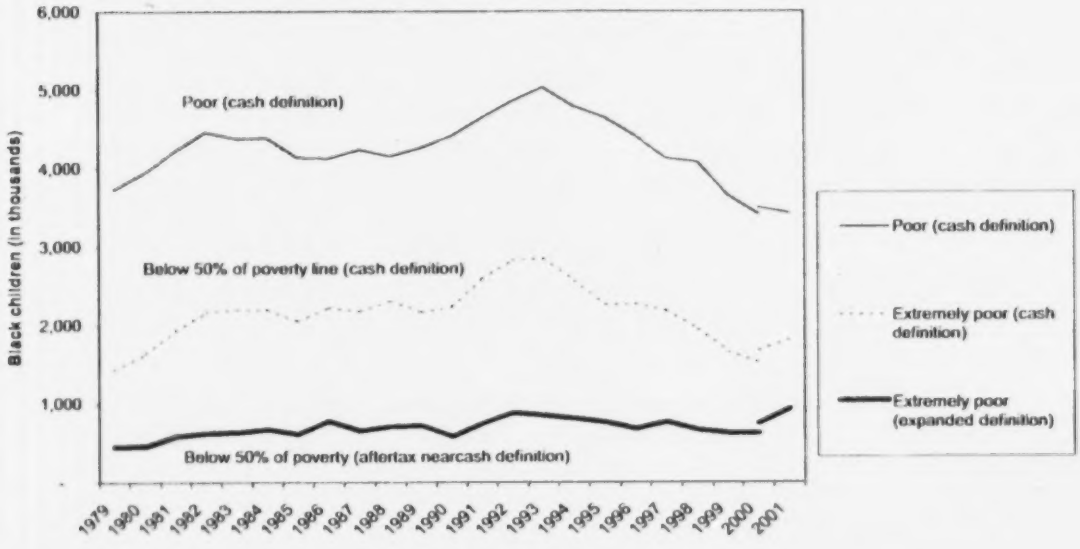
"Nearcash" income includes all cash income plus the estimated value of food stamps, school lunch, and housing benefits.

Source: Children's Defense Fund tabulations of data from the Current Population Survey, March 1991-2002.

EXTREME POVERTY – 3

1. Despite the decline in official Black child poverty, the number of Black children in extreme poverty (counting noncash benefits and taxes) reached a record high in 2001

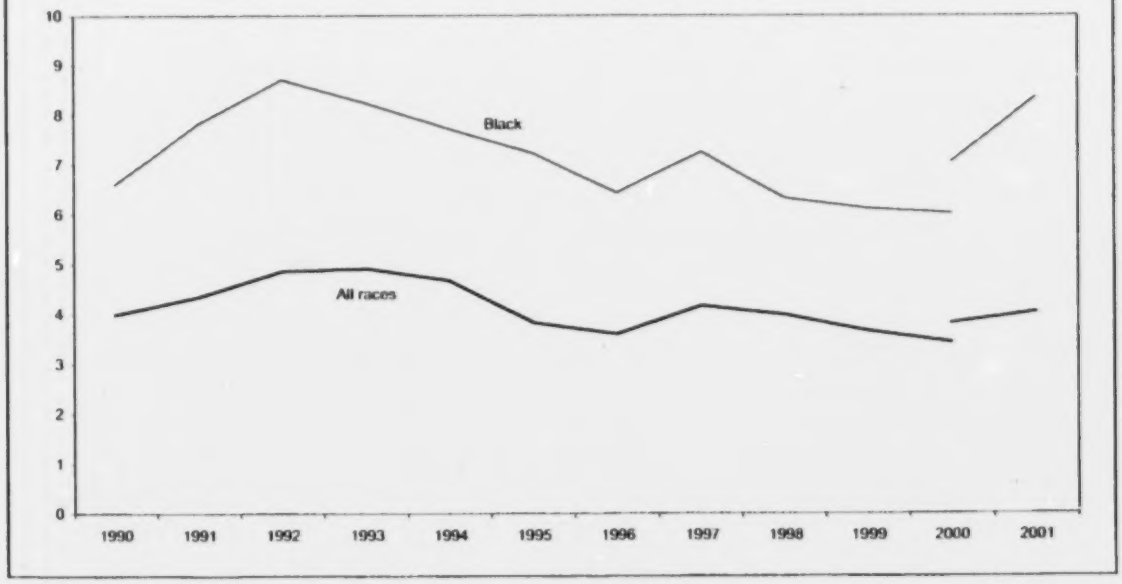
Black children by poverty definition, 1979-2001



Break in lines at 2000 reflects Census Bureau's introduction of an expanded survey sample

2. The proportion of Black children in extreme poverty is near its 1994 peak

Percentage of persons under 18 with aftertax nearcash income below half the poverty line, by race, 1990-2001



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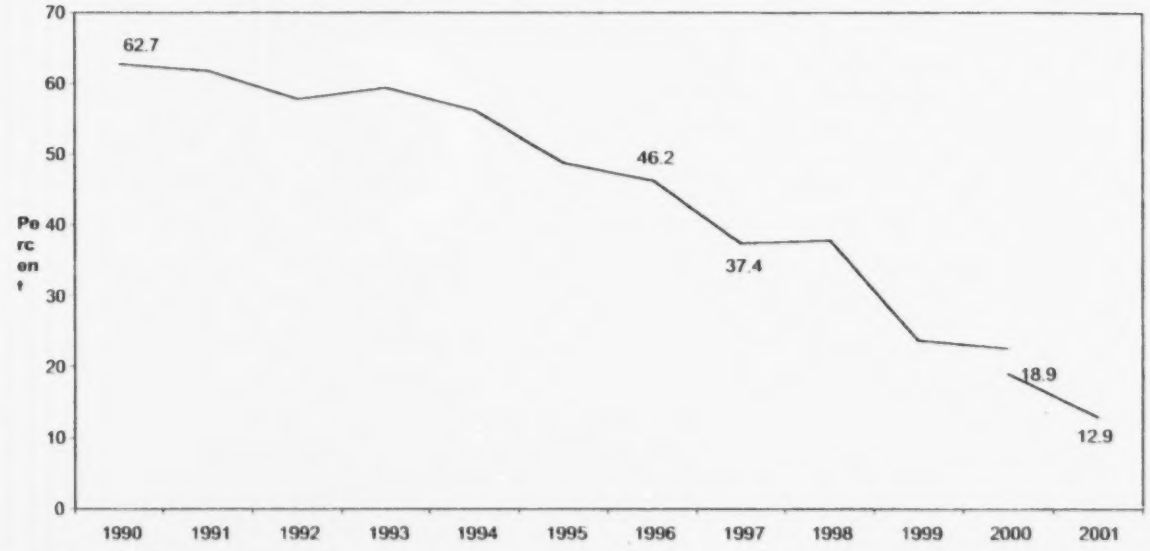
EXTREME POVERTY – 4

3. The dwindling safety net no longer provides a shield from extreme poverty for many Black children who need one

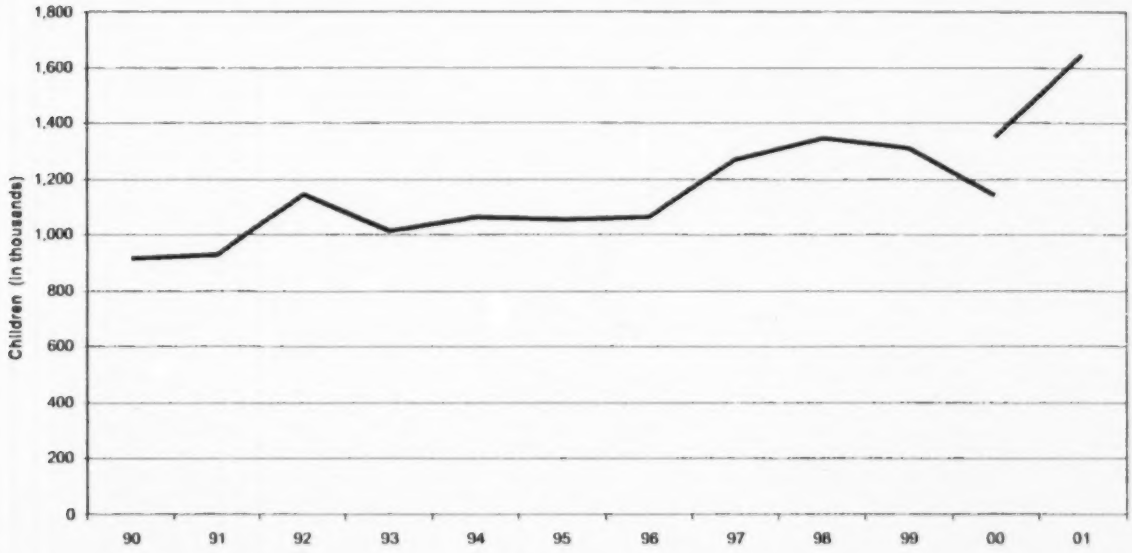
Black children lifted above half the poverty line by AFDC/TANF benefits, as a percentage of all Black children whose family income (apart from AFDC/TANF) is below half the poverty line, 1990-2001



Break in line at 2000 reflects Census Bureau's introduction of an expanded survey

4. Among the worst-off children, more go unprotected

Number of children of all races with no AFDC or TANF assistance, despite living in female-headed families with (aftertax nearcash) incomes below half the poverty line, 1990-2001



Break in line at 2000 reflects Census Bureau's introduction of an expanded survey sample

EXTREME POVERTY – 6

Data for fig. 1

Black children in poverty and extreme poverty, by selected definitions of income, 1979-2001

Children under 18 related to the head of household

(Thousands)

Year	Poor (official, cash definition)	Extremely poor (cash definition)	Extremely poor (nearcash aftertax definition)
1979	3,723	1,422	454
1980	3,937	1,626	456
1981	4,212	1,921	583
1982	4,459	2,165	624
1983	4,373	2,195	635
1984	4,380	2,196	674
1985	4,133	2,045	611
1986	4,122	2,222	780
1987	4,234	2,173	657
1988	4,148	2,308	712
1989	4,257	2,165	720
1990	4,411	2,227	584
1991	4,637	2,585	741
1992	4,850	2,824	882
1993	5,030	2,847	851
1994	4,787	2,573	812
1995	4,644	2,253	761
1996	4,411	2,267	680
1997	4,116	2,180	766
1998	4,073	1,944	665
1999	3,644	1,656	622
2000	3,415	1,520	625
2000*	3,495	1,673	746
2001	3,423	1,814	932

* Reflects the start of a new Current Population Survey series, incorporating expanded sample size and Census 2000 population information.

"Nearcash" income includes all cash income plus the estimated value of food stamps, school lunch, and housing benefits.

Source: Children's Defense Fund tabulations of U.S. Census Bureau data from the March Current Population Survey, March 1980-2002. Data available at www.unicon.com. Data prior to 1987 may differ slightly from published data.

EXTREME POVERTY – 7

Data for fig. 2.
Percentage of persons under 18 in extreme poverty (aftertax nearcash definition), by race, 1990-2001

	All races	Black
1990	4.0	6.6
1991	4.3	7.8
1992	4.9	8.7
1993	4.9	8.2
1994	4.7	7.7
1995	3.8	7.2
1996	3.6	6.4
1997	4.2	7.2
1998	4.0	6.3
1999	3.6	6.1
2000	3.4	6.0
2000*	3.8	7.0
2001	4.0	8.4

* Reflects the start of a new Current Population Survey series, incorporating expanded sample size and Census 2000 population information.

"Nearcash" income includes all cash income plus the estimated value of food stamps, school lunch, and housing benefits.

Source: Children's Defense Fund tabulations of data from the Current Population Survey, March 1991-2002.

Data for fig.3

The safety net no longer protects many Black children from extreme poverty

Black children lifted above 1/2 poverty line by AFDC/TANF income
as % of otherwise-extremely-poor children
(Children are persons under 18. Income is after taxes and includes the value of food and housing benefits.)

1990	62.7
1991	61.7
1992	57.7
1993	59.3
1994	56.1
1995	48.7
1996	46.2
1997	37.4
1998	37.8
1999	23.6
2000	22.6
2000*	18.9
2001	12.9

* Reflects the start of a new Current Population Survey series, incorporating expanded sample size and Census 2000 population information.

Source: Children's Defense Fund tabulations of data from the Current Population Survey, March 1991-2002.

EXTREME POVERTY – 9

Data for fig.4
Children with no AFDC/TANF despite living in female-headed families below 50% of poverty line (aftertax nearcash income)
(Thousands)

90	914
91	929
92	1,144
93	1,015
94	1,062
95	1,055
96	1,062
97	1,270
98	1,348
99	1,313
00	1,138
00*	1,350
01	1,649

Children in families and unrelated subfamilies

* Reflects the start of a new Current Population Survey series, incorporating expanded sample size and Census 2000 population information.

Source: Children's Defense Fund tabulations of data from the Current Population Survey, March 1991-2002.